

Working Group Series for Participating Contractors and Industry Partners

Session #4 | August 12, 2021 8:30am-10:00am

Agenda

- Meeting Procedures
- Welcome
- Stakeholder-initiated topics for discussion
 - Timely Payments (NY-GEO)
- Joint Management Committee (JMC) update and discussion
 - Status updates on process improvements
 - Adder incentive updates and project examples
 - July 27th Field Assessment Webinar follow-up
 - Statewide project database
- Resources, support, and next steps

Action Items/Commitments

- The JMC in collaboration with ICF will be working to ensure that payment timeliness is improved

Welcome

- Program representatives on the call today:
 - JMC Co-Chairs: William Xia (Con Edison), Wendy MacPherson (NYSERDA)
 - JMC Members: Ray Cotto (Central Hudson), Peter Hoffman (National Grid), Nicole Williams (NYSEG, RG&E), Mark Maloney (Orange & Rockland)
 - Implementation Team (ICF): Mike L'Ecuyer, Kenn Latal
 - Working Group Support Team (Concentric Energy Advisors): Ben Davis, Pieter Zwart, Clara-Ann Joyce

Working Group Series: Review of Typical Meeting Format

- As outlined in previous meetings, the intent of this Working Group Series is to create a forum for working meetings between participating contractors, industry partners, and other stakeholders with the NYS Clean Heat Program Administrators.
 - Emphasis is on the “working group” nature of these calls, with focus on clarifying issues, pain points, affected parties, and proposed solutions
- The JMC wants to promote dialogue and discussion with a focus on transparency and communication
 - The intent is to drive toward solution development
- The desired format is to have stakeholder-led presentations of pre-submitted topics, followed by updates from the JMC on previously discussed topics

Written Question – Aztech Geothermal Heating and Cooling

- It would be helpful to see other participants. Is there a way to make the list of attendees visible to all?
- **Response (written):** The JMC team is exploring this functionality and provided it is available it will be enabled for upcoming sessions. If it is not available, the JMC will consider sharing a list of attendees following the PC&IP session.

Timely Payments (NY-GEO)

- Representatives from NY-GEO presented information on their concerns about the timeliness of incentive payments received by Geothermal installers
- The NY-GEO representatives began by thanking the NYS Clean Heat team for its efforts in running the program and striving to make a smooth transition in switching over from NYSERDA. They have had many positive experiences working with members of the team and implementation staff.
- However, contractors are facing serious cash flow issues as they struggle to understand processes and limitations of what comes across as an opaque bureaucratic system that oversees projects and determines payment timelines
 - This issue is perceived as a very high priority, since late incentive payments mean that contractors' bills go unpaid, other payments are held up, and contractors may even reject the program entirely
- NY-GEO proposes the creation of an online database that is accessible to contractors and that gives insight into their data
 - Right now, contractors have some visibility into their data, but each application's data must be accessed separately
 - A comprehensive database would provide visibility for contractors and ICF as well, so ICF can understand their data and project aging. Monthly reports showing time performance are suggested.
 - When an application is flagged as having an issue and a revision is submitted, it is requested that the revision is applied within three days
 - All of these things together can help improve the timeline to getting applications processed at a faster rate
- Slide 8 lists some of the contractors that have had payment issues and that are willing to provide more information and feedback
- There is a disconnect between what the contractors understood as the timeline for rebate applications to be reviewed and what ICF and the utilities were implementing
 - The contractors had interpreted the 20-day timeline to start once the completed application was submitted. The utilities and ICF have been starting the 20 days when ICF submits the completed information to the utility
 - Contractors should be able to see their own applications with the number of days since the last contractor action
 - ICF should report on the number of days it takes to process applications and should report on applications that are incorrectly marked as flawed as well
 - Every flag slows down the process, including incorrect flags that restart the clock
- When contractors have had contact with ICF, folks have been responsive and positive – that has been good

- The contractors recognize that they don't always submit applications perfectly. This is why a database is suggested so that contractors can see their general mistakes and can be able to improve.
 - If an application is submitted and no amendments are needed, it is proposed that ICF would notify the contractor and submit the application to the utility within three days
 - In some cases, an amendment or multiple amendments may be needed – communication between parties is not totally clear in all cases and there might sometimes need to be additional clarification beyond the first amendment
 - If more than three amendments are needed, it is proposed that the case goes to an arbitration or solutions committee, comprised of a representative from the JMC, ICF, DPS, NY-GEO, and the contractor
 - This group should come to a strong conclusion that could make the project go forward
- Monthly reports would be released showing the average number of days between each step and number of instances broken down by utility
- The JMC hears this message clearly. The JMC certainly does not want participating contractors to incur hardship as a result of payment delays.

Status Updates on Process Improvements

- ICF presented additional information on ongoing updates to the application process
- ICF and the JMC appreciate the concerns that the contractors have. ICF especially has staff that have worked as contractors before, so they understand the challenges of both sides.
 - There are a lot of data and security concerns to be sure to address, and a lot of money involved as well
 - Work under this program has evolved quickly into ICF having contracts with all of the participating utilities now - it is not one single vehicle that came along at one time with one process flow
 - ICF would like the contractors to have confidence that they are working to bring the cycle times down, though with the way systems have been put in place already in different pieces, it may not have the timelines proposed
 - Because of ICF's fiduciary responsibilities, they must be particularly careful about paying out incentives – if the wrong amount is paid, ICF is responsible and must pay the utilities back
 - ICF has hired a lot of new staff in IT and in other teams. There is a dedicated person manning the statewide email inbox, and a number of people manning the hotline, both of which have been active.
- ICF has been working with the contractors mentioned in NY-GEO's slides – each has an account manager who works with them
 - ICF would like to hear from these contractors about the issues they are having, and would like to hear from those who haven't been in contact if they are also having problems
- It is confirmed that there was a different understanding of what ICF was asked to measure in terms of when the 20-day timeline starts
 - Data on Slide 11 shows month by month trends for average number of days to pay

- No data yet from July – National Grid’s data is still in transition from the previous implementor
 - The June data has one outlier that is bringing the average up
 - The Online Intake Tool (OIT) now features a relatively granular list of statuses that can be assigned to each project
 - The next step will be to bring in date stamps for the latest status changes. The IT team is looking at options for where to place those stamps and working on implementation as we speak.

Statewide Project Database

- Objectives of a statewide database include:
 - Tracking project aging – there is certainly a need for these numbers for both internal tracking and for manufacturers who have submitted requests for data
 - Hosting all JMC utility data in one place
 - This does also present a challenge to bring the data in from the various utilities and to get it all into one place
- Database access and sharing constraints:
 - Challenges of hosting data in an accessible database include protection of customer Personal Identification Information (PII) and protection of sensitive business information
- ICF and the JMC, with the help of NYSERDA, have been developing a project database working group process that will commence during the second half of 2021
 - The purpose of this working group will be to seek input from manufacturers and contractors on what they need in order to do their work to support the program
- The idea is that the database will operate under a structure of credentialed access
 - For example, manufacturers logging in with their credentials would show only their projects with their equipment, whereas the public view would have the lowest level of access with perhaps only summary figures
 - The database would be linked from a public resource page in order to be accessible

Verbal Question – Dandelion Energy

- It would be good to clarify further regarding the 20-day goal [for processing rebate applications]. If ICF has received an application and they are processing it, how long are we expecting them to take to review that application? Contractors are starting to count from when they have submitted that application, but you are counting from once it has finished processing. That time is not being accounted for in the average numbers shown [on Slide 11].
- **Response:** ICF: That is correct – we realize there was a different understanding. Internally, we are also looking at the other project milestones and working on getting our responsiveness times down.
- **Additional Response:** NY-GEO: We also appreciate the point that ICF has made about onboarding more staff to help with timeliness.

Verbal Question – NY-GEO

- It is good to hear that the program is considering 3 days [between processing steps] as well. I am curious to hear what people thought about the proposed idea to implement a solutions

committee for projects that require more than three amendments. Additionally, I am interested in quantifying how many people are actually participating in the program, and am looking for data as to how many heat pumps have been installed by each utility. I have only been able to find this for National Grid in terms of the EAM reports they file. It would be useful for everyone to be able to see how many air source and ground source heat pumps are installed, maybe quarterly and annually. Those numbers can perhaps be part of the database.

- Additionally, a number of members were mentioned as willing to comment during the NY-GEO presentation. I am wondering if there are any of them present here and whether they would like to comment.
- **Response:** No contractors from the NY-GEO list indicated that they would like to make additional comments.

Verbal Question – Absolute Comfort and Temperature Control Inc.

- I am a small contractor and I do a lot of these projects. When NYSERDA started the program, the customer waited for the rebate. Then this changed, at least in the Con Edison territory, and the contractor had to wait for the rebate. Now another layer is being added. At this point, I am being asked to wait 90 days to get any money – I will go bankrupt doing that. This program should be flawless. I am not sure you are fully taking into account the repercussions that might affect the contractors, especially as things are changed around every month and new incentives are added.
- **Response:** Con Edison: Thank you for bringing up this topic. We see this and we do apologize for the time that it is taking. We agree that the payment timeline is too wide, and we are staffing up and getting insight into what those specific process improvements will be.
- **Additional Comment:** If I can get 50% as a deposit, I can cover my equipment costs. The new incentives add another 30% - that is up to 80% of the job cost that I have to wait 60-90 days for. Even 30 days is too long – money is needed up front to pay for equipment. That is critical for a small company.
- **Response:** Your issue is better understood now. There is some content coming up in the presentation that show project examples that may help to address your concerns. The program will follow up with you individually as well.

Written Question – Aztech Geothermal Heating and Cooling

- Some contractors are not “email people” and may have trouble with that medium of communication. Is there a way that the JMC can follow up with a phone call if a response is not received via email?
- **Response (written):** This is good feedback about needing phone calls or text in addition to emails. The process team is considering how best to implement a phone-based follow up system and is exploring integrating this service as part of a future process improvement.

Incentive Updates – Category 2a (Con Edison and Orange & Rockland)

- Con Edison and Orange & Rockland are offering new incentives in their service territories under Category 2a
- Integrated Controls adder: allows customers to use a smart device to control their settings across the heat pumps and a backup system

- The first qualified products to be included in the incentive are the Mitsubishi Kumō Cloud and the Flair Puck Pro
 - Eligibility criteria for other products are under development
- Some examples of what the incentive looks like are included on Slide 14
 - These were developed in collaboration with a Mitsubishi manufacturer
 - In a typical system that is using 57,000 Btuh of heating capacity, accepted as a full load job, the incentive is close to \$20,000 in the Con Edison general service territory and over \$25,000 in the gas moratorium area. The incentive cannot exceed total job cost but can be up to 100% of the job cost.
 - The incentives are a bit lower in Orange & Rockland service territory: the total incentive is closer to \$15,000
 - These incentive levels are laid out in the errata sheet that was published in conjunction with the latest Program Manual updates
- Decommissioning adder: the objective is to drive up heating savings if the heat pump becomes the only functional heating system in the building
 - The heat pump system must satisfy at least 100% of BHL
 - All existing fossil fuel heating must be decommissioned in place or removed altogether
 - There are special legal requirements in NY State on removing oil heating systems
- Additional examples of this adder are included on Slide 15
 - In Con Edison's general service territory, the offering is \$5,000 per 10,000 Btuh, and in gas moratorium areas it is \$6,500 per 10,000 Btuh
- The purpose behind the higher incentives is to drive a certain behavior. The JMC will re-examine the implementation of how this plays out and how it affects contractors.

July 27th Field Assessment Webinar Follow-Up

- Due to technical difficulties during the July 27th Field Assessment webinar, the JMC reiterated an overview of the key changes that have been made on this front, and provided some examples of best practices and how those take effect in the field
- Updates were made to the assessment checklists
 - ASHP and HPWH checklist items were updated to provide more granularity around major vs. minor nonconformances for certain items that were resulting in some heavy-handed assessment decisions
 - Key items in these categories relate to refrigerant line set protection, top/bottom and side clearance of units, sealing of ductwork inside the building envelope, and updated snow depth guidance
- An updated approach to assessment scheduling has been adopted
 - The JMC had been receiving feedback that contractors were not being notified that they had a project being reviewed until the assessment was complete
 - The JMC has worked with the Quality Service Providers (QSPs) to update communication scripts to emphasize that it is preferred for customers to allow contractors to be on site during the assessments
 - A minimum of 5 days' notice is to be provided to the installer if the customer does elect to have the installer participate in the assessment

- Again, this is the encouraged outcome, but it is ultimately up to the customer how many people they want to have in their home, and the customer's scheduling demands take precedence
 - Preliminary results show a positive uptick in contractor presence at assessments after making these changes
 - A GSHP Working Group is being formed to further look into updates to the GSHP assessment checklist
 - If you are interested in participating, please reach out to NYSCleanHeat@ceadvisors.com
 - The goal of the assessment process and of the program overall is to increase consumer confidence in adopting heat pump technologies – part of that is ensuring that the program is installing quality projects to increase that confidence
 - The assessment process is a corrective and collaborative process as opposed to punitive
 - Some examples with pictures are included on Slides 17-23
 - Item C10 and C10B: refrigerant line set protection
 - This item has been separated into major and minor distinctions
 - All refrigerant lines shall be fully insulated without any compressions or gaps and with appropriate UV protection
 - Examples in Slide 18 show large gaps that would still fall under the major nonconformance (any gaps greater than 12")
 - Examples in Slide 19 show smaller gaps that would be a minor nonconformance (anything between 12" and 1")
 - Item C14 and C14B: indoor unit clearance
 - Item C14 refers to clearances above and below the indoor unit – it is a major nonconformance if these clearances are not adequate
 - Item C14B refers to clearances on the sides of the indoor unit – it is a minor nonconformance if these clearances are not adequate, since the impacts are not as critical to the unit's full functionality
 - Items C15 and C15B: snow protection – ensuring that outdoor units are clear of snow and ice buildup all winter
 - Item C15 refers to snow protection from above
 - Slide 21 shows outdoor units properly installed on a gable end of a house or with an angled snow deflector above
 - Slide 22 shows additional variations on snow shields/snow deflectors
 - Item C15B refers to snow protection from below – the unit must be raised 6", 12", or 18" off the ground depending on geographical weather-station zone
 - Slide 23 shows some examples of units that are correctly and incorrectly positioned

Resources, Support and Next Steps

- The next scheduled Participating Contractors and Industry Partners Working Group Series meeting will be on Thursday, September 9 from 8:30-10:00am
 - Proposals for discussion at the next Working Group meeting must be received by August 30th

- Program participants and stakeholders are reminded that program-related inquiries and feedback can be submitted at any time to NYSCleanHeat@ceadvisors.com
- Project-specific inquiries and feedback can be submitted to NYSCleanHeat@icf.com or (844) 212-7823

Verbal Question – GeoTherm, Inc.

- When there is something that needs attention in my application and I do receive an email, it is often a very generic statement with no detail. Has there been any discussion in getting more detail there?
- **Response:** ICF: We have tried to pare down our options to specific comments. When we are trying to use an automated format to get notifications out quickly, it is hard to have it be so specific to each project. Do feel free to call or email us if you get an email that is not clear.

The JMC closed by thanking all contractors and stakeholders for their engagement and robust discussion. The JMC has heard the feedback received today and is taking these suggestions back for consideration. This program does not work without the contractors, and their dedication, patience, and enthusiasm are greatly appreciated.